

REFERENCE TITLE: disabled veterans property tax exemption

State of Arizona
Senate
Forty-eighth Legislature
Second Regular Session
2008

SCR 1030

Introduced by
Senator O'Halleran; Representatives Mason, Tobin

A CONCURRENT RESOLUTION

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, SECTIONS 2 AND 2.3, CONSTITUTION OF ARIZONA; AMENDING ARTICLE IX, CONSTITUTION OF ARIZONA, BY ADDING SECTION 2.4; RELATING TO PROPERTY TAX EXEMPTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it resolved by the Senate of the State of Arizona, the House of
2 Representatives concurring:

3 1. Article IX, sections 2 and 2.3, Constitution of Arizona, are
4 proposed to be amended as follows if approved by the voters and on
5 proclamation of the Governor:

6 2. Property subject to taxation: exemptions

7 Section 2. (1) There shall be exempt from taxation all
8 federal, state, county and municipal property.

9 (2) Property of educational, charitable and religious
10 associations or institutions not used or held for profit may be
11 exempt from taxation by law.

12 (3) Public debts, as evidenced by the bonds of Arizona,
13 its counties, municipalities or other subdivisions, shall also
14 be exempt from taxation.

15 (4) All household goods owned by the user thereof and
16 used solely for noncommercial purposes shall be exempt from
17 taxation, and such person entitled to such exemption shall not
18 be required to take any affirmative action to receive the
19 benefit of such exemption.

20 (5) Stocks of raw or finished materials, unassembled
21 parts, work in process or finished products constituting the
22 inventory of a retailer or wholesaler located within the state
23 and principally engaged in the resale of such materials, parts
24 or products, whether or not for resale to the ultimate consumer,
25 shall be exempt from taxation.

26 (6) The legislature may exempt personal property that is
27 used for agricultural purposes or in a trade or business from
28 taxation in a manner provided by law, except that the exemption
29 does not apply to any amount of the full cash value of the
30 personal property of a taxpayer that exceeds fifty thousand
31 dollars. The legislature may provide by law to increase the
32 exempt amount according to annual variations in a designated
33 national inflation index.

34 (7) The legislature may exempt the property of cemeteries
35 that are set apart and used to inter deceased human beings from
36 taxation in a manner provided by law.

37 ~~(8) There shall be further exempt from taxation the~~
38 ~~property of each honorably discharged airman, soldier, sailor,~~
39 ~~United States marine, member of revenue marine service, the~~
40 ~~coast guard, nurse corps or of any predecessor or of the~~
41 ~~component of auxiliary of any thereof, resident of this state,~~
42 ~~in the amount of:~~

43 ~~(a) One thousand five hundred dollars if the total~~
44 ~~assessment of such person does not exceed three thousand five~~
45 ~~hundred dollars.~~

~~(b) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.~~

~~(c) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.~~

~~(d) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.~~

~~(e) No exemption if the total assessment of such person exceeds five thousand dollars.~~

~~No such exemption shall be made for such person unless such person shall have served at least sixty days in the military or naval service of the United States during World War I or prior wars and shall have been a resident of this state prior to September 1, 1945.~~

~~(9) There shall be further exempt from taxation as herein provided the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof, resident of this state, where such person has a service-connected disability as determined by the United States veterans administration or its successor. No such exemption shall be made for such person unless he shall have been a resident of this state prior to September 1, 1945 or unless such person shall have been a resident of this state for at least four years prior to his original entry into service as an airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof. The property of such person having a compensable service-connected disability exempt from taxation as herein provided shall be determined as follows:~~

~~(a) If such person's service-connected disability as determined by the United States veterans administration or its successor is sixty per cent or less, the property of such person exempt from taxation shall be determined by such person's percentage of disability multiplied by the assessment of such person in the amount of:~~

~~(i) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.~~

~~(ii) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.~~

~~(iii) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.~~

~~(iv) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.~~

~~(v) No exemption if the total assessment of such person exceeds five thousand dollars.~~

~~(b) If such person's service connected disability as determined by the United States veterans administration or its successor is more than sixty per cent, the property of such person exempt from taxation shall be in the amount of:~~

~~(i) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.~~

~~(ii) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.~~

~~(iii) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.~~

~~(iv) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.~~

~~(v) No exemption if the total assessment of such person exceeds five thousand dollars.~~

~~(10) There shall be further exempt from taxation the property of each honorably discharged airman, soldier, sailor, United States marine, member of revenue marine service, the coast guard, nurse corps or of any predecessor or of the component of auxiliary of any thereof, resident of this state, where such person has a nonservice-connected total and permanent disability, physical or mental, as so certified by the United States veterans administration, or its successor, or such other certification as provided by law, in the amount of:~~

~~(a) One thousand five hundred dollars if the total assessment of such person does not exceed three thousand five hundred dollars.~~

~~(b) One thousand dollars if the total assessment of such person does not exceed four thousand dollars.~~

~~(c) Five hundred dollars if the total assessment of such person does not exceed four thousand five hundred dollars.~~

~~(d) Two hundred fifty dollars if the total assessment of such person does not exceed five thousand dollars.~~

~~(e) No exemption if the total assessment of such person exceeds five thousand dollars.~~

~~No such exemption shall be made for such person unless he shall have served at least sixty days in the military or naval service of the United States during time of war after World War I and shall have been a resident of this state prior to September 1, 1945.~~

~~(11)~~ (8) There shall be further exempt from taxation the property of each widow, resident of this state, in the amount of:

(a) One thousand five hundred dollars if the total assessment of such widow does not exceed three thousand five hundred dollars.

(b) One thousand dollars if the total assessment of such widow does not exceed four thousand dollars.

(c) Five hundred dollars if the total assessment of such widow does not exceed four thousand five hundred dollars.

(d) Two hundred fifty dollars if the total assessment of such widow does not exceed five thousand dollars.

(e) No exemption if the total assessment of such widow exceeds five thousand dollars.

In order to qualify for this exemption, the income from all sources of such widow, together with the income from all sources of all children of such widow residing with the widow in her residence in the year immediately preceding the year for which such widow applies for this exemption, shall not exceed:

1. Seven thousand dollars if none of the widow's children under the age of eighteen years resided with her in such widow's residence; or

2. Ten thousand dollars if one or more of the widow's children residing with her in such widow's residence was under the age of eighteen years, or was totally and permanently disabled, physically or mentally, as certified by competent medical authority as provided by law.

Such widow shall have resided with her last spouse in this state at the time of the spouse's death if she was not a widow and a resident of this state prior to January 1, 1969.

~~(12)~~ (9) No property shall be exempt which has been conveyed to evade taxation. The total exemption from taxation granted to the property owned by a person who qualifies for any exemption in accordance with the terms of ~~subsections~~ SUBSECTION (8), ~~(9)~~, ~~(10)~~ or ~~(11)~~ shall not exceed one thousand five hundred dollars. The provisions of this section shall be self-executing.

~~(13)~~ (10) All property in the state not exempt under the laws of the United States or under this constitution or exempt by law under the provisions of this section shall be subject to taxation to be ascertained as provided by law.

2.3. Exemption from tax; increase in amount of exemptions, assessments and income

Section 2.3. The legislature may by law increase the amount of:

1. The exemptions, the total permissible amount of assessments or the permissible amount of income from all sources prescribed in sections 2, 2.1 and 2.2 of this article.

1 2. THE MAXIMUM FULL CASH VALUE, THE MAXIMUM FULL CASH
2 VALUE THAT IS EXEMPT AND THE QUALIFYING HOUSEHOLD EARNED INCOME
3 AS PRESCRIBED IN SECTION 2.4 OF THIS ARTICLE.

4 2. Article IX, Constitution of Arizona, is proposed to be amended by
5 adding section 2.4 as follows if approved by the voters and on proclamation
6 of the Governor:

7 2.4. Exemption from tax; property of disabled veterans or
8 surviving spouses; definitions

9 SECTION 2.4. A. THE PRIMARY RESIDENCE OF A DISABLED
10 VETERAN THAT IS OWNED BY THE VETERAN, THE VETERAN'S SPOUSE OR
11 JOINTLY BY THE VETERAN AND THE VETERAN'S SPOUSE IS EXEMPT FROM
12 TAXATION AS PROVIDED BY THIS SECTION.

13 B. THE PRIMARY RESIDENCE OF THE UNMARRIED SURVIVING
14 SPOUSE OF A DECEASED DISABLED VETERAN THAT IS OWNED BY THE
15 SURVIVING SPOUSE IS EXEMPT FROM TAXATION AS PROVIDED BY THIS
16 SECTION IF THE VETERAN DIED AS A RESULT OF A SERVICE CONNECTED
17 DISEASE OR INJURY INCURRED WHILE ON ACTIVE DUTY IN MILITARY
18 SERVICE.

19 C. THE EXEMPTION UNDER THIS SECTION IS SUBJECT TO THE
20 FOLLOWING CONDITIONS AND LIMITATIONS:

21 1. THE VETERAN MUST HAVE A DISABILITY OF SEVENTY PER CENT
22 OR GREATER, AS RATED BY THE UNITED STATES DEPARTMENT OF VETERANS
23 AFFAIRS, AS A RESULT OF INJURY OR DISEASE INCURRED IN MILITARY
24 SERVICE.

25 2. THE HOUSEHOLD EARNED INCOME OF THE VETERAN AND THE
26 VETERAN'S SPOUSE MAY NOT EXCEED SIXTY THOUSAND DOLLARS, AS
27 ADJUSTED PURSUANT TO SECTION 2.3 OF THIS ARTICLE.

28 3. THE PRIMARY RESIDENCE MAY NOT EXCEED A FULL CASH VALUE
29 OF FIVE HUNDRED THOUSAND DOLLARS, AS ADJUSTED PURSUANT TO
30 SECTION 2.3 OF THIS ARTICLE.

31 4. THE EXEMPT AMOUNT IS ANY PART OF THE FULL CASH VALUE
32 OF THE RESIDENCE THAT DOES NOT EXCEED ONE HUNDRED FIFTY THOUSAND
33 DOLLARS, AS ADJUSTED PURSUANT TO SECTION 2.3 OF THIS ARTICLE.

34 5. PROPERTY IS NOT EXEMPT UNDER THIS SECTION IF IT HAS
35 BEEN CONVEYED TO A DISABLED VETERAN OR SPOUSE TO EVADE TAXATION.

36 D. AN EXEMPTION GRANTED PURSUANT TO THIS SECTION IS IN
37 LIEU OF ANY OTHER REAL PROPERTY TAX EXEMPTION TO WHICH THE
38 CLAIMANT MAY BE ENTITLED WITH RESPECT TO THE RESIDENCE. NO
39 OTHER REAL PROPERTY TAX EXEMPTION MAY BE GRANTED TO ANY OTHER
40 PERSON WITH RESPECT TO THE SAME RESIDENCE FOR WHICH AN EXEMPTION
41 IS GRANTED PURSUANT TO THIS SECTION, EXCEPT THAT IF TWO OR MORE
42 DISABLED VETERANS WHO ARE OTHERWISE QUALIFIED PURSUANT TO THIS
43 SECTION ARE CO-OWNERS OF THE SAME PROPERTY IN WHICH THEY RESIDE,
44 EACH IS ENTITLED TO THE EXEMPTION TO THE EXTENT OF THE
45 RESPECTIVE INTERESTS IN THE PROPERTY.

E. FOR THE PURPOSES OF THIS SECTION:

1. THE UNITED STATES DEPARTMENT OF VETERANS AFFAIRS SHALL DETERMINE WHETHER AN INJURY OR DISEASE IS SERVICE CONNECTED.

2. PROPERTY IS CONSIDERED TO BE THE PRIMARY RESIDENCE OF A DISABLED VETERAN WHO IS CONFINED TO A HOSPITAL OR OTHER CARE FACILITY IF THE PROPERTY WOULD BE THE VETERAN'S PRIMARY RESIDENCE WERE IT NOT FOR THE VETERAN'S CONFINEMENT AND IF THE PROPERTY IS NOT LEASED OR RENTED TO ANOTHER OCCUPANT OTHER THAN A FAMILY MEMBER WHO RESIDES AT THE PROPERTY.

3. ALL MATTERS CONCERNING QUALIFYING STATUS UNDER THIS SECTION SHALL BE DETERMINED AS OF JULY 1 OF THE VALUATION YEAR.

4. QUALIFYING PROPERTY INCLUDES:

(a) PROPERTY THAT IS OWNED BY THE VETERAN WITH THE VETERAN'S SPOUSE AS A JOINT TENANCY, A TENANCY IN COMMON OR COMMUNITY PROPERTY.

(b) PROPERTY OWNED BY THE VETERAN OR THE VETERAN'S SPOUSE AS SEPARATE PROPERTY.

(c) PROPERTY OWNED WITH ONE OR MORE OTHER PERSONS TO THE EXTENT OF THE INTEREST OWNED BY THE VETERAN, THE VETERAN'S SPOUSE OR BOTH THE VETERAN AND THE VETERAN'S SPOUSE.

(d) PROPERTY OWNED BY THE VETERAN'S UNMARRIED SURVIVING SPOUSE WITH ONE OR MORE OTHER PERSONS TO THE EXTENT OF THE INTEREST OWNED BY THE SURVIVING SPOUSE.

(e) PROPERTY OWNED IN TRUST FOR THE SOLE BENEFIT OF THE VETERAN, OF THE VETERAN AND THE VETERAN'S SPOUSE OR OF THE VETERAN'S UNMARRIED SURVIVING SPOUSE.

(f) AS MUCH OF THE PROPERTY OF A CORPORATION AS CONSTITUTES THE PRINCIPAL PLACE OF RESIDENCE OF A VETERAN OR A VETERAN'S UNMARRIED SURVIVING SPOUSE IF THE VETERAN OR THE VETERAN'S SPOUSE OR THE VETERAN'S UNMARRIED SURVIVING SPOUSE IS A SHAREHOLDER OF THE CORPORATION AND THE RIGHTS OF SHAREHOLDING ENTITLE ONE TO THE POSSESSION OF PROPERTY, LEGAL TITLE TO WHICH IS OWNED BY THE CORPORATION. AN EXEMPTION DERIVED FROM THIS SUBDIVISION SHALL BE SHOWN ON THE TAX ROLL AND SHALL REDUCE THE FULL CASH VALUE OF THE CORPORATE PROPERTY. NOTWITHSTANDING ANY LAW OR THE ARTICLES OF INCORPORATION OR BYLAWS OF A CORPORATION DESCRIBED IN THIS SUBDIVISION, ANY REDUCTION OF PROPERTY TAXES PAID BY THE CORPORATION SHALL REFLECT AN EQUAL REDUCTION IN ANY CORPORATE CHARGES TO THE PERSON WHO, BY REASON OF QUALIFYING FOR THE EXEMPTION, MADE POSSIBLE THE REDUCTION FOR THE CORPORATION.

F. FOR THE PURPOSES OF THIS SECTION:

1. "ARMED FORCES" MEANS ALL REGULAR, RESERVE AND NATIONAL GUARD COMPONENTS OF THE UNIFORMED SERVICES OF THE UNITED STATES, INCLUDING THE UNITED STATES ARMY, NAVY, AIR FORCE, MARINE CORPS AND COAST GUARD, AND INCLUDES CIVILIAN SERVICE THAT IS

1 AUTHORIZED BY FEDERAL LAW TO BE CONSIDERED ACTIVE MILITARY DUTY
2 FOR THE PURPOSES OF LAWS ADMINISTERED BY THE UNITED STATES
3 SECRETARY OF VETERANS AFFAIRS.

4 2. "PRIMARY RESIDENCE" MEANS AN OWNER-OCCUPIED DWELLING,
5 INCLUDING A MANUFACTURED HOME, THAT IS OWNED BY AND USED AS THE
6 PRIMARY DWELLING PLACE OF THE DISABLED VETERAN OR SURVIVING
7 SPOUSE, INCLUDING NOT MORE THAN ONE ACRE OF REAL PROPERTY ON
8 WHICH THE RESIDENCE IS LOCATED. A PRIMARY RESIDENCE MAY CONSIST
9 OF PART OF A MULTIDWELLING OR MULTIPURPOSE BUILDING AND PART OF
10 THE LAND ON WHICH THE BUILDING IS LOCATED.

11 3. "VETERAN" MEANS A RESIDENT OF THIS STATE WHO HAS
12 SERVED IN AND BEEN DISCHARGED UNDER HONORABLE CONDITIONS FROM
13 MILITARY SERVICE IN THE ARMED FORCES OF THE UNITED STATES IN
14 TIME OF WAR OR TIME OF PEACE IN A CAMPAIGN OR EXPEDITION FOR
15 WHICH A MEDAL HAS BEEN ISSUED BY CONGRESS.

16 3. The Secretary of State shall submit this proposition to the voters
17 at the next general election as provided by article XXI, Constitution of
18 Arizona.